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[*on the report of the Second Committee (A/68/436/Add.2)*]

68/201. International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity", as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003, 59/222 of 22 December 2004, 60/186 of 22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007, 63/205 of 19 December 2008, 64/190 of 21 December 2009, 65/143 of 20 December 2010, 66/187 of 22 December 2011 and 67/197 of 21 December 2012,

Recalling also the United Nations Millennium Declaration,[1] its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,[2] the Rio Declaration on Environment and Development,[3] Agenda 21,[4] the Programme for the Further Implementation of Agenda 21[5] and the Plan of Implementation of the World Summit on Sustainable Development (Johannesburg Plan of Implementation),[6]

Recalling further the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for

[1] Resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18–22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3–14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex I.

[4] Ibid., annex II.

[5] Resolution S-19/2, annex.

[6] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August–4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

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Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008,[7]

Recalling the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome document,[8]

Recalling also the high-level plenary meeting of the General Assembly on the Millennium Development Goals and the special event to follow up efforts made towards achieving the Millennium Development Goals, convened by the President of the General Assembly on 25 September 2013, and their respective outcome documents,[9]

Recalling further the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, from 20 to 22 June 2012, and its outcome document, entitled "The future we want",[10]

Recognizing the work undertaken by the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and taking note of its progress report,[11]

Recalling the high-level thematic debate on the state of the world economy and finance and its impact on development convened by the President of the General Assembly on 17 and 18 May 2012,

Recalling also the meeting of the Second Committee, held pursuant to resolution 67/197, on 13 November 2013, to discuss actions in response to the world financial and economic crisis and its impact on development and prospects for restoring confidence and economic growth,

Noting the Sixth Astana Economic Forum and the World Anti-Crisis Conference, which were held in Astana from 22 to 24 May 2013, as well as the convening of the Second World Anti-Crisis Conference, to be held in Astana from 21 to 23 May 2014,

Noting also the Saint Petersburg International Economic Forum, held in Saint Petersburg, Russian Federation, from 20 to 22 June 2013,

Noting further the Summit of the Group of 20, held in Saint Petersburg on 5 and 6 September 2013,

Expressing deep concern about the ongoing adverse impacts, particularly on development, of the world financial and economic crisis, recognizing evidence of an uneven and fragile recovery, cognizant that the global economy, notwithstanding significant efforts that helped to contain tail risks, improve financial market conditions and sustain recovery, still remains in a challenging phase, with downside risks, including high volatility in global markets, high unemployment, particularly among young people, indebtedness in some countries and widespread fiscal strains, which pose challenges for global economic recovery and reflect the need for additional progress towards sustaining and rebalancing global demand, and stressing

[7] Resolution 63/239, annex.

[8] Resolution 63/303, annex.

[9] Resolutions 65/1 and 68/6.

[10] Resolution 66/288, annex.

[11] A/64/884.

the need for continuing efforts to address systemic fragilities and imbalances and to reform and strengthen the international financial system while implementing the reforms agreed upon to date,

Noting that, while some developing countries have been the main contributors to recent global economic growth, the economic crisis has reduced their capacity to withstand further shocks, recalling the commitments made to support development and strong, sustained, balanced and inclusive economic growth, and reaffirming the need to work cooperatively to meet development commitments to achieve the Millennium Development Goals by 2015,

Acknowledging that effective global economic governance in an increasingly interconnected world is of critical importance for the success of national efforts to achieve sustainable development in all countries and that, while significant efforts have been made over the years, there remains the need to continue to improve global economic governance and to strengthen the role of the United Nations in this regard,

Recalling the commitment to work in solidarity on a coordinated and comprehensive global response to the ongoing adverse impacts of the world financial and economic crisis on development and to take actions aimed at, inter alia, restoring confidence, sustaining economic growth and creating full and productive employment and decent work for all,

Reaffirming the purposes of the United Nations, as set forth in its Charter, including to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character and to be a centre for harmonizing the actions of nations in the attainment of common ends, and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

Emphasizing that the international financial system should bolster sustained, inclusive and equitable economic growth, sustainable development and job creation and promote financial inclusion and support efforts to eradicate poverty and hunger in developing countries, while allowing for the coherent mobilization of all sources of financing for development,

Recalling the Fourth United Nations Conference on the Least Developed Countries and the Programme of Action for the Least Developed Countries for the Decade 2011–2020,[12] and recognizing in this context that the international financial institutions should be supportive, in accordance with their mandates, of the special needs and priorities of the least developed countries,

Stressing the importance of commitment to ensuring sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development,

1. *Takes note* of the report of the Secretary-General;[13]

2. *Recognizes* the need to continue and intensify efforts to enhance the coherence and consistency of the international monetary, financial and trading systems, and reiterates the importance of ensuring their openness, fairness and inclusiveness in order to complement national efforts to ensure sustainable

[12] *Report of the Fourth United Nations Conference on the Least Developed Countries, Istanbul, Turkey, 9–13 May 2011* (A/CONF.219/7), chap. II.

[13] A/68/221.

development, including strong, sustained, balanced, inclusive and equitable economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals;

3. *Reiterates* the need to act decisively to tackle the challenges confronting the global economy in order to ensure balanced, sustained, inclusive and equitable global growth with full and productive employment and quality jobs, and also reiterates the need for significant mobilization of resources from a variety of sources and the effective use of financing in order to promote full and productive employment and decent work for all;

4. *Notes* the important efforts undertaken nationally, regionally and internationally to respond to the challenges posed by the financial and economic crisis, and recognizes that more needs to be done in order to promote the economic recovery, to address turbulence in global financial and commodity markets, to tackle high unemployment and indebtedness in several countries, as well as widespread fiscal strains, to reinforce the banking sector, including by increasing its transparency and accountability, to address systemic fragilities and imbalances, to reform and strengthen the international financial system and to continue and to enhance the coordination of financial and economic policies at the international level;

5. *Also notes* that the United Nations, on the basis of its universal membership and legitimacy, provides a unique and key forum for discussing international economic issues and their impact on development, and reaffirms that the United Nations is well positioned to participate in various reform processes aimed at improving and strengthening the effective functioning of the international financial system and architecture, while recognizing that the United Nations and the international financial institutions have complementary mandates that make the coordination of their actions crucial;

6. *Recalls*, in this regard, the resolve to strengthen the coordination of the United Nations system and multilateral financial, trade and development institutions so as to support economic growth, poverty eradication, job creation and sustainable development worldwide, on the basis of a clear understanding of and respect for their mandates and governance structures;

7. *Also recalls* that countries must have the flexibility necessary to implement countercyclical measures and to pursue tailored and targeted responses to the crisis, and calls for conditionalities to be streamlined to ensure that they are timely, tailored and targeted and that they support developing countries in the face of financial, economic and development challenges;

8. *Notes*, in this regard, the increase in resources and the improvement of the lending framework of the International Monetary Fund through, inter alia, streamlined conditions and flexible instruments, such as the precautionary and liquidity line, the flexible credit line and the rapid financing instrument, and the refinement of the lending framework for low-income countries, while also noting that new and ongoing programmes should not contain unwarranted procyclical conditionalities;

9. *Urges*, in this regard, the multilateral development banks to continue to move forward on flexible, concessional, fast-disbursing and front-loaded assistance that will substantially and quickly assist developing countries facing financing gaps in their efforts to achieve the Millennium Development Goals, taking into consideration the individual absorptive capacities and debt sustainability of those countries;

10. *Recognizes* the role of private capital flows in mobilizing financing for development, stresses the challenges posed by excessive volatility of short-term capital flows to many developing countries, notes that the design and

implementation of capital flow management measures to address those challenges, such as macroeconomic policies, macroprudential measures and various forms of capital account management, need to take into account the specific circumstances of individual countries, while also remaining fully cognizant of the potential risks involved in capital flow management;

11. *Also recognizes* the need for international financial institutions to promote, within their respective mandates, including by providing the right incentives for medium- and long-term investment and the sharing of best practices, the mobilization of capital flows in order to better channel national and international investment for sustainable development based on its three dimensions;

12. *Reaffirms* the importance of broadening and strengthening the participation of developing countries in international economic decision-making and norm-setting, notes in this regard the important steps taken in the reform of the governance structures, quotas and voting rights of the Bretton Woods institutions, which go in the direction of better reflecting current realities and enhancing the voice, the participation and the voting rights of developing countries, and recognizes the importance of continuing such reform processes in an ambitious and expeditious manner in order to deliver more effective, credible, accountable and legitimate institutions;

13. *Notes*, in this regard, the decisions taken by the World Bank Group on voice and participation and further institutional reforms to meet new challenges and the addition of the twenty-fifth Chair to the Boards of Executive Directors of the World Bank Group, and looks forward to progress in its institutional reforms;

14. *Calls for* the swift implementation of the 2010 quota and governance reform of the International Monetary Fund, notes the progress made by the Fund on the review of the quota formula in January 2013, and emphasizes the importance of continued discussions to reach agreement on the quota formula by January 2014, in parallel to the fifteenth general review of the quotas and as part of ongoing reform processes, in order to ensure the Fund's capability to address the challenges encountered by today's international monetary and financial system;

15. *Recognizes* the importance of an open, transparent and merit-based process for selecting the heads of the international financial institutions, including the Bretton Woods institutions;

16. *Emphasizes* the need for more effective government involvement in order to ensure an appropriate regulation of the market which promotes the public interest, and recognizes in this regard the need to better regulate financial markets to promote economic stability and sustained, equitable and inclusive growth;

17. *Also emphasizes* the need for continued coordination at the international, regional and national levels on regulatory frameworks for the financial markets and some of their products, notes that while it is still too early to estimate the full effects of Basel III, there is a concern that it may negatively impact some developing countries, and recognizes in this regard the need for continued efforts to ensure regulation and oversight of financial markets in fields such as shadow banking, derivatives and banks that are "too big to fail", with a view to promoting economic stability and equitable and inclusive growth;

18. *Recognizes* the role of special drawing rights as an international reserve asset, acknowledges that special drawing rights allocations helped to supplement international reserves in response to the world financial and economic crisis, thus contributing to the stability of the international financial system and global economic resilience, and also recognizes the need to continue regular reviews of the role of special drawing rights, including with reference to their potential role in the international reserve system;

19. *Reiterates* that effective, inclusive multilateral surveillance should be at the centre of crisis prevention efforts, stresses the need to continue strengthening surveillance of the financial policies of countries, and in this regard takes note of the new surveillance approach of the International Monetary Fund to better integrate bilateral and multilateral surveillance, along with cross-border and cross-sectoral linkages with macroeconomic and macroprudential policies, while paying closer attention to the spillover effects from national economic and financial policies onto the global economy;

20. *Stresses*, in this regard, the need to strengthen intergovernmental and independent surveillance of national financial policies and their impact on international interest rates, exchange rates and capital flows;

21. *Invites* the international financial and banking institutions to continue to enhance the transparency of risk-rating mechanisms, noting that sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis, and encourages relevant institutions, including the United Nations Conference on Trade and Development, to continue their work on the issue, including its potential impact on the development prospects of developing countries;

22. *Calls upon* the multilateral, regional and subregional development banks and development funds to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, stresses that strengthened regional development banks and subregional financial institutions can add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and can promote regional integration, increasing resilience to economic shocks, welcomes in this regard recent capital increases at multilateral and regional development banks, and, in addition, encourages efforts to ensure that subregional development banks are adequately funded;

23. *Encourages* enhanced regional and subregional cooperation, including through regional and subregional development banks, commercial and reserve currency arrangements and other regional and subregional initiatives;

24. *Stresses* the need to continuously improve standards of corporate and public sector governance, including those related to accounting, auditing and measures to ensure transparency, noting the disruptive effects of inadequate policies;

25. *Recognizes* the need for international financial institutions, as appropriate, to promote gender mainstreaming in their policies and programmes, including macroeconomic, job creation and structural reform policies and programmes, in accordance with relevant national priorities and strategies;

26. *Requests* the Secretary-General to submit to the General Assembly at its sixty-ninth session a report on the implementation of the present resolution, to be prepared in cooperation with the Bretton Woods institutions and other relevant stakeholders;

27. *Decides* to include in the provisional agenda of its sixty-ninth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "International financial system and development".

71st plenary meeting
20 December 2013